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November 28, 2005

VIA FACSIMILE NO. 521-3359 & POST

Robert F. Miller, Esq.
Dillingham Transportation Building
735 Bishop Street, PH 500
Honolulu, Hawaii 96813

Re: Claypool et al. vs. Isham; Civil No. 04-00570
Lexington Insurance Company Policy No. 1323464

Dear Mr. Miller:

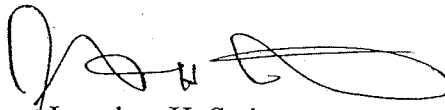
This letter is further to my letters dated June 20, 2005 and August 11, 2005, at which time you were informed that Lexington Insurance Company would defend Blue Dolphin Charters, Ltd./Blue Dolphin Diving, Ltd. ("BDC") under the above referenced policy pursuant to a reservation of rights. The purpose of this letter is to inform you that Lexington has determined to waive its coverage defense based on the definition of "Professional Services," and the question of whether Mr. Trout was "teaching or supervising scuba or snorkeling activities" at the time of the accident.

Please be aware, however, that pursuant to the terms of the policy, BDC will not be covered for liability that arises directly out of its own conduct (as opposed to liability of BDC arising out of the conduct or activities of Mr. Trout).

Thank you for your prompt attention to this matter.

Very truly yours,

MCCORRISTON MILLER MUKAI MacKINNON LLP



Jonathan H. Steiner

JHS:jmc

cc: Randy L.M. Baldemor, Esq.

EXHIBIT " G "